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June 12, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities and/or at non-County operated facilities under the Trauma Center Service Agreement. The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts:

Patients who received medical care at County facilities:

| | | |
|--------------------|-----------------------|-----------|
| (1) Account Number | LAC+USC MC – Various | \$2,739 |
| (2) Account Number | LAC+USC MC – Various | \$4,418 |
| (3) Account Number | RLANRC – 5024021 | \$5,504 |
| (4) Account Number | LAC+USC MC – Various | \$8,988 |
| (5) Account Number | H-UCLA MC – Various | \$10,000 |
| (6) Account Number | LAC+USC MC – 12419179 | \$683,730 |

Trauma patients who received medical care at non-County facilities:

| | | |
|--------------------|-----------|---------|
| (7) Account Number | EMS - 526 | \$5,000 |
|--------------------|-----------|---------|

Total All Accounts: \$720,379

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Patients who received medical care at a County facility: The compromise offers of settlement for patient accounts (1) - (5) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases. The compromise offer of settlement for patient account (6) is recommended because the offer is the highest amount that could be negotiated with the patient's insurance provider (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary co-insurance or deductible obligations.

Trauma patients who received medical care at non-County facilities: The compromise offer of settlement for patient account (7) is recommended because the County has agreements with certain non-County medical facilities under which it pays for trauma care provided to eligible indigent patients at those facilities. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such trauma care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$720,379.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, your Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, your Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by your Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that

contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma Fund.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:lg

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: JUNE 12, 2012

| | | | |
|---------------------------|-------------|-----------------|------------------------|
| Total Gross Charges | \$38,540 | Account Number | Various |
| Amount Paid | \$0 | Service Type | Inpatient & Outpatient |
| Balance Due | \$38,540 | Date of Service | Various |
| Compromise Amount Offered | \$2,738.59 | % Of Charges | 7 % |
| Amount to be Written Off | \$35,801.41 | Facility | LAC+USC Medical Center |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$38,540 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$10,000 and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|--------------------------|-------------|---------------------|-----------------------|
| Lawyer's Fees | \$3,333.33 | \$3,333.33 | 33 % |
| Lawyer's Cost | \$1,189.82 | \$1,189.82 | 12 % |
| LAC+USC Medical Center * | \$38,540 | \$2,738.59 | 27 % |
| Other Lien Holders * | \$1,366.25 | \$1,366.25 | 14 % |
| Patient | - | \$1,372.01 | 14 % |
| Total | - | \$10,000 | 100 % |

* Lien holders are receiving 41% of the settlement (27% to LAC+USC Medical Center and 14% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: JUNE 12, 2012

| | | | |
|---------------------------|-------------|-----------------|------------------------|
| Total Gross Charges | \$68,155 | Account Number | Various |
| Amount Paid | \$0 | Service Type | Inpatient & Outpatient |
| Balance Due | \$68,155 | Date of Service | Various |
| Compromise Amount Offered | \$4,417.79 | % Of Charges | 6 % |
| Amount to be Written Off | \$63,737.21 | Facility | LAC+USC Medical Center |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$68,155 for medical services rendered. The patient qualifies for Section 1011 coverage and no other coverage was found. DHS will refund any payments received from Section 1011 once payment from this settlement is received. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|--------------------------|-------------|---------------------|-----------------------|
| Lawyer's Fees | \$5,000 | \$5,000 | 33 % |
| Lawyer's Cost | \$1,164.42 | \$1,164.42 | 8 % |
| LAC+USC Medical Center * | \$68,155 | \$4,417.79 | 29.5 % |
| Other Lien Holders | - | - | - |
| Patient * | - | \$4,417.79 | 29.5 % |
| Total | - | \$15,000 | 100 % |

* This settlement distribution is consistent with the Hospital Lien Act (California Civil Code section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost. The lien holders will receive 29.5% of the settlement with the patient receiving the remaining 29.5%.

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: JUNE 12, 2012

| | | | |
|---------------------------|-------------|-----------------|---------------------|
| Total Gross Charges | \$78,624 | Account Number | 5024021 |
| Amount Paid | \$0 | Service Type | RLANRC |
| Balance Due | \$78,624 | Date of Service | 12/08/08 – 12/24/08 |
| Compromise Amount Offered | \$5,503.68 | % Of Charges | 7 % |
| Amount to be Written Off | \$73,120.32 | Facility | RLANRC |

JUSTIFICATION

This patient was involved in a slip and fall accident. As a result of this accident, the patient was treated at Rancho Los Amigos National Rehabilitation Center (RLANRC) and incurred total inpatient gross charges of \$78,624 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$100,000 and her attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|-----------------------|-------------|---------------------|-----------------------|
| Lawyer's Fees * | \$40,000 | \$40,000 | 40 % |
| Lawyer's Cost * | \$112,867 | \$25,000 | 25 % |
| RLANRC ** | \$78,624 | \$5,503.68 | 6 % |
| Other Lien Holders ** | \$321,382 | \$24,496.32 | 24 % |
| Patient | - | \$5,000 | 5 % |
| Total | - | \$100,000 | 100 % |

* Attorney's fee of 40% was agreed upon in the retainer agreement between the patient and her attorney. The attorney agreed to reduce his cost from \$112,867 to \$25,000.

** Lien holders are receiving 30% of the settlement (6% to RLANRC and 24% to others). This settlement distribution is consistent with the Hospital Lien Act (California Civil Code section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost. The lien holders will receive 30% of the settlement with the patient receiving the remaining 5%.

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to RLANRC. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: JUNE 12, 2012

| | | | |
|---------------------------|-------------|-----------------|------------------------|
| Total Gross Charges | \$96,079.54 | Account Number | Various |
| Amount Paid | \$0 | Service Type | Inpatient & Outpatient |
| Balance Due | \$96,079.54 | Date of Service | Various |
| Compromise Amount Offered | \$8,987.80 | % Of Charges | 9 % |
| Amount to be Written Off | \$87,091.74 | Facility | LAC+USC Medical Center |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$96,079.54 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$30,000, the policy limit carried by the party responsible at the time of the accident, and the settlement disbursement resulting from an interpleader is as follows:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|--------------------------|-------------|---------------------|-----------------------|
| Lawyer's Fees | \$10,000 | \$7,737.40 | 26 % |
| Lawyer's Cost | \$2,607 | \$2,607 | 8 % |
| LAC+USC Medical Center * | \$96,079.54 | \$8,987.80 | 30 % |
| Other Lien Holders * | \$1,680 | \$1,680 | 6 % |
| Patient | - | \$8,987.80 | 30 % |
| Total | - | \$30,000 | 100 % |

* Lien holders are receiving 36% of the settlement (30% to LAC+USC Medical Center and 6% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive as a result of an interpleader in this case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: JUNE 12, 2012

| | | | |
|---------------------------|-----------|-----------------|------------------------|
| Total Gross Charges | \$119,706 | Account Number | Various |
| Amount Paid | \$0 | Service Type | Inpatient & Outpatient |
| Balance Due | \$119,706 | Date of Service | Various |
| Compromise Amount Offered | \$10,000 | % Of Charges | 8 % |
| Amount to be Written Off | \$109,706 | Facility | H-UCLA Medical Center |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H-UCLA Medical Center and incurred total inpatient and outpatient gross charges of \$119,706 for medical services rendered. The patient is an out-of-county patient and no other coverage was found. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and the patient's insurance is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|-----------------------|-------------|---------------------|-----------------------|
| Lawyer's Fees * | - | - | - |
| Lawyer's Cost * | - | - | - |
| H-UCLA Medical Center | \$119,706 | \$10,000 | 67 % |
| Other Lien Holders | - | - | - |
| Patient | - | \$5,000 | 33 % |
| Total | - | \$15,000 | 100 % |

* The patient was not represented by an attorney.

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to H-UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6
DATE: JUNE 12, 2012

| | | | |
|----------------------------------|--------------|------------------------|------------------------|
| Total Balance | \$854,662 | Account Number | 12419179 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$854,662 | Date of Service | 10/16/11 - 12/21/11 |
| Compromise Amount Offered | \$683,729.60 | % Of Charges | 80 % |
| Amount to be Written Off | \$170,932.40 | Facility | LAC+USC Medical Center |

JUSTIFICATION

The above compromise offer of settlement is the highest amount that the patient's insurance (Commercial or HMO) could offer under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 7
DATE: JUNE 12, 2012

| | | | |
|--------------------------------------|----------|---|---|
| Total Charges (Providers) | \$85,980 | Account Number | EMS 526 |
| Amount Paid to Provider | \$38,004 | Service Type / Date of Service | Inpatient & Outpatient 7/2/10 - 7/9/10 |
| Compromise Amount Offered | \$5,000 | % of Payment Recovered | 13% |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Long Beach Memorial Hospital and incurred total inpatient and outpatient gross charges of \$85,980 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$38,004. The patient's third-party claim has been settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement (\$15,000) |
|---------------------------|--------------------|--------------------------------|---|
| Attorney fees | \$5,000 | \$5,000 | 33.33 % |
| Los Angeles County | \$85,980 | \$5,000 | 33.34 % |
| Patient | | \$5,000 | 33.33 % |
| Total | | \$15,000 | 100 % |

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 13% (\$5,000) of amount paid to Long Beach Memorial Hospital.